

~~SECRET~~

~~REF ID: A000500100006-6~~

THE SECRETARY OF STATE

WASHINGTON 25, D. C.

DEPARTMENT OF STATE

WASHINGTON

46386



June 29, 1949

MEMORANDUM

To: Assistant Director
Office of Reports and Estimates
Central Intelligence Agency

Subject: CIA IM-169

The intelligence organization of the Department of State concurs in subject report. Attached comments are submitted for possible consideration.

For the Special Assistant for Research and Intelligence:

A handwritten signature in cursive ink, appearing to read "Merritt B. Booth".

MERRITT B. BOOTH

Att.

~~SECRET~~



~~SECRET~~COMMENTS ON CIA IM 169FAR EAST

5. Malaya

Communist and bandit insurgents are now attacking estates, mines, and transportation. These disorders may also have local effect on some labor forces. However, production level is being maintained by strenuous and costly efforts.

6. Siam

To the extent that Chinese labor would support Communist activities, there could be some denial of Siamese rubber, tin and teak by labor troubles and sabotage at shipping centers. Complete control by the police is not expected.

7. Indonesia

In Java and Sumatra nationalist rather than Communist disorders predominate. Widespread disorganization and destruction exist and it will be some time before production can be restored after political stability is achieved. Until then the petroleum, palm oil, pepper, quinine and rubber will be available only in quantities well below prewar production. In Bangka and Billiton pepper and tin can be denied to the extent that Chinese labor develops Communist sympathies. In Borneo, petroleum and rubber production is likely to be only minimally reduced. In Celebes there is no reason to believe that copra production would fall off if collection facilities were available.

~~SECRET~~

~~SECRET~~

June 23, 1949

Comments on CIA IM-169

Latin America

DRA has reviewed the subject memorandum and has no positive disagreement with the estimates made by CIA, with the possible exception of the one on Uruguay. A number of comments have been made by the analysts, however, which tend to clarify or slightly modify some of the points in the explanation given by CIA. No comment may be assumed to mean we concur with the CIA estimate and explanation.

The Latin American republics and mentioned dependent territories are listed below in the order given in the CIA memorandum:

Mexico. It is suggested that in the first sentence of paragraph 2 the words "is extensive" be deleted and the phrase "through aggressive leadership exists" be substituted. This suggestion is made because it is believed the sentence as it now stands is susceptible to the erroneous interpretation that there are many Communists in the groups mentioned.

Cuba. In the second sentence in the paragraph on Cuba the word "members" seems more appropriate than the word "militants." The number of hard-core militants is probably considerably less than 55,000. It might be well, too, to mention that as a result of a series of reverses communist influence in Cuba has recently declined.

Jamaica. No comment.

Haiti. No comment.

Dominican Republic. No comment.

Central America and Panama. Although we agree with the estimate given here it might be pointed out that in our estimation the possibilities of interference with production are somewhat greater in Guatemala, Costa Rica, and Panama than they are in El Salvador, Honduras, and Nicaragua. Guatemala is an uncertain factor particularly because of the leftist tendencies demonstrated recently in that country. Costa Rica has a fairly large number of Communists, at least compared with the number in other Central American

~~SECRET~~

countries, who conceivably might use their influence to the detriment of production in that country even though they appear to be under control at the present time. Panama is in such a strategic position that the action of Communists there is rather difficult to predict. Although at present the Communists in Panama and in the Zone are discredited and communism is reported on the decline the situation may be different two or three years from now. Unemployment is assuming large proportions in Panama, a condition which would be somewhat aggravated if the Communist Party were placed on the Attorney General's list of subversive organizations, as recommended by the Embassy, and Communists discharged from their positions in the Canal Zone. In other words, it seems possible that conditions may change in such a manner to encourage the growth of communism possibly to the extent of making significant interference a probability.

Colombia. Although we do not differ with the estimate given we would like to suggest that the interference with the production may be somewhat less than it appears because the nationalist Gaitanista faction of the Liberal Party would in all probability side with the US in the event of war against the USSR even though its labor policies have thus far paralleled those of the Communists.

Venezuela. No comment.

Ecuador. No comment.

Peru. No comment.

Bolivia. It is suggested that the third sentence be altered to read in substance "The Government's handling of these difficulties was previously weak and ineffective, but more forceful measures have lately been employed by Acting President Urriolagoitia as exemplified during the recent mine disorder."

Chile. No comment.

The Guianas. No comment.

Brazil. It is recommended that the word "principally" be included in the sentence following the word "concentrated." It is noted that the term "castor oil" is used in paragraph 1 as contrasted with "castor bean" in paragraph 3.

~~SECRET~~

~~SECRET~~

3.

Uruguay. Uruguayan exports of meat normally stand in the same proportion to Argentine exports as do Uruguayan exports of hides and skins. It is suggested that the Uruguayan list include meat as well as hides and skins or that hides and skins be dropped from the Uruguayan list.

Although we are not particularly anxious to argue that there would be significant interference in Uruguay we are a bit puzzled by the fact that Uruguay is the only one of the republics of South America in which significant interference is not expected. We have compared the section on Uruguay particularly with that on Argentina. From these two sections one is forced to conclude either (1) that the Uruguayan Government is better equipped to handle communist sabotage or has less communist activity to deal with than the Argentine Government, or (2) that the Communists are not interested in sabotaging Uruguayan production. The first conclusion is questionable on the basis of information available to us regarding the relative ability of the Communists in either country to perform acts of sabotage. The alternative conclusion is arguable but also seems open to question.

Argentina. In connection with the statement in the first sentence about the Slavs it is believed that some mention should be made of the fact that the Argentine Government has dissolved the Unión Eslava. Although not prepared to argue against the statement in the second part of the third sentence we note that information available to us is not sufficient to support fully the statement that the Communist Party has "particular influence" among railway, port, and packing house workers.

OIR/DRA:WSLester:mo

~~SECRET~~